Fashion Briefs Gain Wider Appeal

(Continued from page 16)

tion to six ft. Basic underwear takes 20 ft.

The chain is also making a bid for greater volume business in fashion by going deeper into three-packs in addition to its single-pack offerings, trusting that shoppers have accepted the items enough to purchase them for more frequent use. Also, fashion items now are being inserted into ads that formerly had featured only basic programs from vendors like Hanes and Fruit of the Loom.

The fashion assortment at Howard's includes a program from Spalding—its most successful one—Bill Blass and, in some remodeled stores, Reed St. James. Price points range from $1.98 for a single package to $7.99 for a three-pack, with the Reed St. James line the most expensive price point. Initial markup is about 40%, said Sherba.

He expects the Bill Blass line, which has so far met with only moderate success, to pick up in sales now that the company has redesigned its packaging. Most buyers agreed packaging is most important in selling fashion briefs because many of the purchases are made by women buying the items on impulse.

With interest in men's fashion underwear on the rise, Sherba is also considering testing a coordinated T-shirt and briefs program in time for Father's Day.

At the same time discounters are building their fashion assortments, they are also looking toward private-label programs in both fashion and basic white underwear to become more price competitive and draw more profit.

The Brut 33 basic white underwear program developed for, and at present only found in K mart stores is now being offered to other mass merchandisers for September availability, said Steven Samberg, president of the men's wear division of Nantucket. He explained the company saw a void between the lower-priced basic branded items by companies like Fruit of the Loom and Hanes and the fashion offerings.

Howard's is one chain looking to strengthen its basic men's underwear business, along with its fashion assortments.

"We compete with Wal-Mart and K mart who, in many areas, get in a price war, especially over Fruit of the Loom, which is sold day in, day out below cost," said Sherba. "That's affected our margins quite a bit. We're [now] looking toward other avenues to offer quality and at the same time improve margins."

He said the chain is considering a basic underwear program from McGregor, so it can offer a name brand item that has not yet been footballed, or a private-label program.

At Heck's, men's fashion underwear is gaining momentum after experiencing flat sales in 1985, said one buyer. The chain, which already carries a program from Spalding and a private-label program, is bringing in a fashion briefs program from Brut for this spring, priced at $2.96 for a single package and around $8.88 for a three-pack.

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SAN FRANCISCO — Touche Ross will sponsor its third annual Electronic Shopping Outlook conference May 21 to 23 at the Buena Vista, Palace Hotel, Orlando, Fla.

Registration information is available from Susan Shafton, Touche Ross & Co., One Maritime Plaza, San Francisco, Calif., 94111. Phone: 415-781-9570.

Sales by Property

Type of Property	% of Total Sales	$(Billions)
Trademarks/Brand Names	28%	$14.028
Cartoon Characters	24	12.024
Sports	11	5.511
Art	7	3.507
Celebrities	7	3.507
Designers	7	3.507
Theatrical Feature Films	7	3.507
Music	5	2.505
Publishing	2	1.002
Music	1	0.501
Other	1	0.501
Total	100%	$50.100

Source: The Licensing Letter

Sales by Product

Product Category	% of Total Licensed Sales	$(Billions)
Apparel/Accessories	36.0%	$18.036
Toys/Games	17.0	8.517
Publishing/Stationery	12.0	6.012
Gifts/Novelties	9.0	4.509
Home Furnishings/ Housewares	8.0	4.008
Foods/Beverages	7.0	3.507
Health & Beauty Aids	4.5	2.254
Computer/Video Programs	2.5	1.252
Sporting Goods	2.0	1.002
Miscellaneous	2.0	1.002
Total	100%	$50.099

Source: The Licensing Letter

Licensed Product Sales To Maintain Growth

SCOTTSDALE, Ariz. — Retail sales of licensed products, which totaled $50.1 billion last year, should climb to between $80 billion and $100 billion by 1990, predicted Arnold Bolka, publisher of *The Licensing Letter.*

The categories which captured the greatest percentage of licensing sales last year included apparel/accessories which took 36%, or $18 billion of the total licensing sales, toys/games, with a 17% share, or $8.5 billion, and publishing/stationery, with 12% or $6 billion share of total sales, according to an industry survey conducted by the newsletter.

The most prevalent forms of licensed property were trademarks and brand names, which accounted for 28% of total licensing sales, or $14 billion, followed by cartoon characters with 24% or $12 billion and sports properties with 11%, or $5.5 billion.

Bolka said that one threat to the continued growth of licensing are proposals by Rep. Timothy Wirth (D-Colo.) and Sen. Frank Lautenberg (D-N.J.), for the Children's Television Act which "threatens to nullify the synergism between TV programs and licensed merchandising," said Bolka.

"There didn't seem to be any problem when the popularity of TV programs resulted in development of consumer products tied to those shows. Now that TV programs are being created based on popular licensed properties, some feel that it's wrong, perhaps, and should be stopped," he said.

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Jamesway to Launch 1st Westchester Unit

SECAUCUS, N.J. — Jamesway has announced plans to break into Westchester County for the first time with a single opening in Cortland, N.Y. this spring in an enclosed mall location currently occupied by Alexander's, which is expected to be shuttered this week.

The regional chain has also unveiled plans to open two other mall stores, in Bradford and Allentown, Pa.

The upstate New York store, located on Route 6 in Westchester County near Peekskill and Mohegan Lake, will occupy 70,000 sq. ft. of the 132,000-sq.-ft. Alexander's facility in the Westchester Mall. Jamesway, which was waiting at presstime to take ownership of the store, is aiming for a May opening.

Alexander's had announced several months earlier its intention to close its headquarters branch on Lexington Avenue and 59th Street in New York City to make way for a combination condominium and office space complex.

The Bradford, Pa. store, which will occupy 76,000 sq. ft. in the Bradford Mall, is a takeover of a J.C. Penney store that is expected to close this month. Crown American Corp., a Johnston, Pa. developer, mall operator and owner of Hess Department Stores, plans to expand the mall, which already houses a Hess store and White Supermarket, to include a a 345,000-sq.-ft. complex.

Jamesway expects to open the store early next month.

The new Allentown, Pa. store, which is due for a November opening, will be located in the South Mall on Lehigh Street, near the intersection of PA Route 309 in Salisbury Township. Crown American is also expanding and renovating this mall so that the Jamesway store will anchor a new concourse connecting it with a Hess store and mall complex.

The 63,500-sq.-ft. store will be the third Jamesway in the Allentown-Bethlehem area. Other units are situated on McArthur Road in Whitehall, just outside Allentown, and in Bethlehem, on Easton Boulevard.

VCR Sales Jump More Than 55%

(Continued from page 2)

The perpetual rise in color TV sales, however, is seen at an end, according to the group's projections for 1986. For the year, sales are projected at 16.7 million units.

Compact disc players were certified as one of the star categories of 1985. The EIA estimated that 850,000 players, both portable and home models, were sold last year, up from only 280,000 a year earlier. Sales for this year are projected at 1,500 players, but with little price erosion, as the average dealer cost drops from $220 in 1985 to a projected $210 this year.

Both of those represent significant declines from 1984, when the average player cost was $329.

Projection TVs are another category that showed growth in 1985; sales were up 36% last year compared to 1984, to a total of 265,645.

Black and white TV sales continued to decline last year, slipping 23.5% to 3,753,860 units compared to 1984.

T.G. & Y. Post Still Uncertain

(Continued from page 3)

year earlier. It operates 748 variety stores in 38 states.

Rusthoven—president of T.G. & Y. since early 1984—and Jones resigned shortly following McCrory's purchase of the company on Jan. 7. Neither could be reached for comment.

Rapid-American Corp., parent of McCrory, purchased T.G. & Y. for slightly more than $300 million from a leveraged buyout group that had purchased the retailing businesses of Household International.

Carlson to Close Ardan Catalog Chain

(Continued from page 1)

son would lease an entire showroom, including the jewelry and giftware area, if it was necessary to close a deal.

Carlson president E.C. (Skip) Gage said Ardan's was being divested because "the traditional catalog showroom concept has lost market share and consumer appeal during recent years. The retail merchandise business, specifically the hard goods side of the catalog showroom business, does not fit our current corporate strategy," he added.

The company, Gage continued, has decided to "focus on its business strengths, specifically the five main operating groups of travel, hospitality, sales promotion, employee motivation and real estate."

The 46 showrooms in operation last year, which averaged 40,000 sq. ft. to 45,000 sq. ft., generated about $200 million in sales, trade sources estimated. Jewelry and giftware volume reportedly increased 15% to 16% for the year and were profitable, sources said.

The decision on the realignment and divestment lays to rest reports that had been circulating for more than a year that the $3 billion conglomerate was looking for a buyer for its unprofitable catalog operation.

The announcement came as Carlson closed five Ardan showrooms, reducing the chain to 41 units. Ardan had 68 showrooms three years ago, when Carlson began to scale back its operation to what executives then said would be a "core of profitable showrooms."

Carlson's catalog operation had also included the Creative Merchandising and Publishing coordinator division. But last year, Carlson folded Creative's merchandising staff into Ardan, retailing only the latter's production and printing operation as a part of the Carlson Marketing group which publishes catalogs and promotional literature for various Carlson divisions and outside companies.

Creative had four members: Ardan, E.H. Tepe, which switched to the Paul Schultz Catalogs group at presstime, Reynolds Wholesale, which is looking for a new group, and Ed Phillips & Sons Distributing, which has shut its showroom arm.

The realignment of Ardan's business will take place over the next few months, said Yale Dolginow, Ardan's president. "The jewelry and giftware operations have traditionally been very strong and profitable in all our markets and that is where our focus will be. Jewelry and giftware have been a central feature of the catalog business since its inception.

Ardan has stopped buying non-jewelry merchandise and has cancelled previously placed orders. Staff cutbacks at both headquarters and the store level have already begun, with the exact number unavailable from any company official.

Carlson wouldn't identify the "several parties" interested in Ardan. Gage said "we will continue these discussions."

The five Ardan units shut this month are in Benton and Lee's Summit, Mo., Tulsa, Peoria, Ill. and the Eastgate Shopping Center store in Wichita, Kan. Last year, Ardan closed nine stores and phased out an experimental apparel merchandising program in about a dozen units. That merchandising test was an attempt to increase showroom traffic and sales.

Ardan's 41 remaining showrooms are in California (13), Texas (eight), Iowa (seven), Nevada and Kansas (three each), Illinois, Nevada and Ohio (two each) and Missouri (one).

Trade observers said it was unlikely other catalogers would take over many Ardan sites. They cited the contraction underway in the industry, along with the fact that Ardan could have a profitable jewelry and giftware operation at a former showroom site as reasons.

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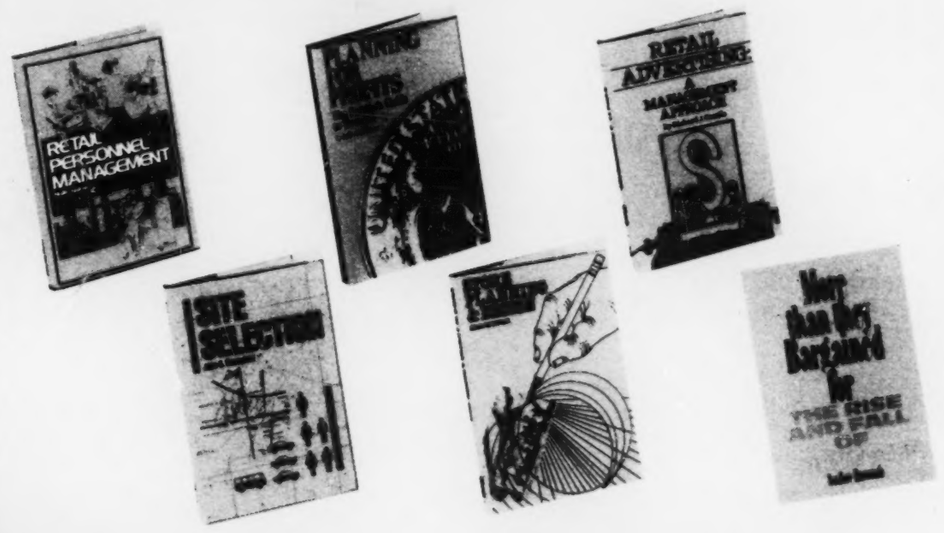

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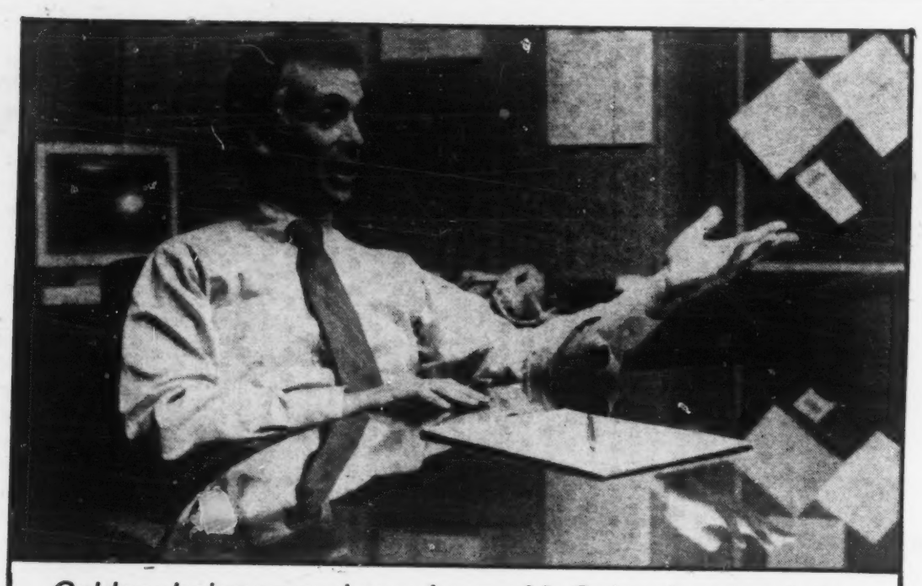


Caldor chairman and ceo James M. Guinan's agenda includes building a fully automated distribution center and electronically tracking sales by dollar and item. (DSN photo)

Guinan: Caldor Hits Goals, on its Schedule

NORWALK, Conn. — The timetables hanging in the meeting room next to his office chart Caldor's progress in the revamping of its new distribution and management information systems. James M. Guinan, chairman and chief executive officer, points to them often to indicate all is going according to plan.

Guinan joined the 109-store chain 17 months ago, bringing with him an extensive background in retail systems and operations, learned most recently at Ohio-based Gold Circle (a six-year term preceding a short six-month stint at Bloomingdale's as president).

For merchandising expertise, he tapped Leonard Williams, also a former chairman of Gold Circle—and his former partner when Guinan had that title at Gold Circle and Williams was president.

One assignment having a priority ranking among Leonard's responsibilities is to translate the chain's drawing power and credibility in its hard goods assortment to the soft home/-apparel side of the store.

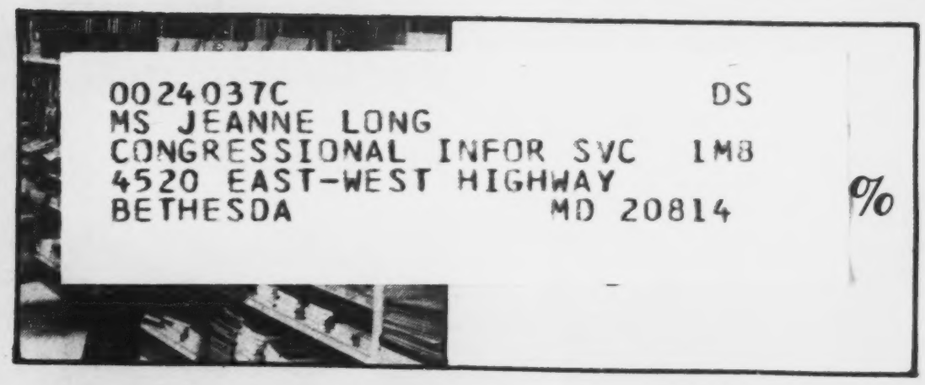
"We'll never get the specialty store customer. [But] we can sell a spiffy knit top, or a $60 jogging suit with something special on it," Guinan and Leonard have

(Continued on page 4)

IN BRIEF

■ **LARRY SOMMER**, senior vice president, director of stores for Prange Way, Green Bay, Wisc., has been named president of the company. He succeeds Steve Jelin, who resigned Feb. 10. Henry Prange, chairman of the parent H.C. Prange Co., had been running the 20-unit chain in the interim.

■ **CIRCUIT CITY** has decided to close its 15 Lafayette Stores in the greater New York market and concentrate its expansion in the Southeast and California.
The 15 stores were projected to do $85 million in sales this year, but their profit contribution to the company was expected to be minimal. Circuit City will begin closing down the stores at the end of March. Meanwhile, in March and April, the company will continue its California invasion with the opening of seven electronics 'superstores' in greater Los Angeles.



Best Puts New Stores on Hold To Focus on 37 Remodelings

By ARTHUR MARKOWITZ

RICHMOND — Best Products has called off its 1986 expansion program.

Instead, the cataloger will focus its limited financial resources on remodeling 37 showrooms formerly owned by Modern Merchandising. Many of these units have reportedly lost market share in the last several years.

The renovation effort includes changing the showrooms' logo to Best, a move which would eventually help establish a nationwide identity.

The 37 showrooms due for renovations were part of the six-chain, 78-store Modern Merchandising company which Best acquired in 1982. Best, which has showrooms in 28 states, is expected to use one logo for all its showrooms by the end of next year.

Robert E.R. Huntley, Best president and chief executive officer, said the cataloger had "postponed the expansion program because of the high priority of the remodeling program and because of construction delays at some sites in the New York market."

Best Products' remodeling effort in eight states is part of a long-range plan to develop a single identity for the cataloger. Best currently uses five different names.

The cataloger had planned a modest expansion program this year: seven Best nameplate showrooms, including its first five stores in the metro New York market and two in Buffalo. One of the Buffalo units would have been teamed with an Ashby's ladies apparel store, the first side-by-side operation of these two Best operations.

The cataloger hasn't developed its expansion plans for next year. It has, however, called off a move into Detroit that was to commence in 1987 with three or four showrooms.

The remodeling, to be completed in stages beginning later this month and running through the end of August, will involve the complete re-

(Continued on page 74)

With the closing of its TBA centers, Target no longer sells tires and shock absorbers, but the chain will continue merchandising other automotive aftermarket products.

Target Shutters its 193 Auto Service Centers

By MICHAEL HARTNETT

MINNEAPOLIS — Target has closed its 193 tire, battery and auto accessories (TBA) installation centers nationwide, effective Feb. 22.

It cited a reluctance to adapt its operations to different markets to compete effectively as a reason for the closings.

George Hite, chain vice president, public and consumer affairs, said "TBA operations are the kind that are very specialized and require a good deal of local adaptation in different markets." He said that such a philosophy runs contrary to Target's strategy of uniformity in its operations.

Hite cautioned against speculation that the decision to close the TBA centers also represents an acceleration of its program to reformat stores based on a new prototype design. Target prototypes in Garland, Tex. and Edina, Minn. do not have TBA centers, which were closed in these stores so that additional space could be allocated to other categories, particularly consumer electronics.

Hite said the chain is staying in the automotive after-

(Continued on page 73)

Gold Circle/ Richway Set HQ Team

By BETH A. SEXER

WORTHINGTON, Ohio — A new top level discount store merchandising team headed by three Gold Circle merchandisers has emerged from the tense reshuffling that followed Federated Department Store's late January merger of Gold Circle and Richway.

The restructuring has made room at the vice president and divisional merchandise manager levels for the promotion of several Gold Circle merchandisers and for the arrival of three vp/divisional merchandise managers from Richway. In addition, 11 Richway buyers will make the trip north to join the new team. The new company will retain its headquarters here, while Richway's Atlanta office is due to be completely shut down by the fall.

Along with the 4 Richway merchandisers, 10 other executives are moving "up there," as the Richway people call it, to Ohio. They include president Jack Smailes, who was

(Continued on page 74)

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House Bill Could Tie Up Chain Promos

WASHINGTON — Discounters and other retailers who run out of stock on advertised merchandise could be slapped with stiff Federal fines—and even prison sentences—under proposed legislation pending in Congress.

The bill, introduced by Rep. Benjamin Gilman (D-N.Y.) as the "Consumer Fraud Act," would outlaw "unfair consumer practices," including "offering or advertising goods or services for sale to a consumer . . . without [the] ability to supply reasonably expectable public demands."

Individuals responsible for out-of-stock conditions or other "unfair" practices banned by the legislation would face fines of up to $10,000 per violation plus three years in prison, while corporate offenders would risk penalties of up to $500,000 per incident.

As if those sanctions were not stiff enough, Gilman's proposal would also empower the U.S. Justice Department and all state attorneys general to file treble damage suits against retail violators of the act on behalf of consumers.

Individual consumers would be able to press treble damage suits, and would be entitled to cancel any purchase agreement or contract with a firm that engages in "unfair consumer practice."

In addition to penalizing retailers for failing to stock merchandise in sufficient quantities, the bill would impose similar sanctions against discounters who make any "false or misleading statements" (e.g. in advertising or by store personnel) concerning "the reasons for, existence of, or amount of any price reduction in connection with the sale of any goods or services."

Other unfair practices outlawed under the legislation include: Misrepresentations regarding the consumer's "need" for anv item. misleading "price or quality comparisons," or false statements concerning "the goods, age, quality, style, standard or model" of any product advertised or offered for sale.

In advancing the legislation, Rep. Gilman called the sweeping proposal a "response to the incredible volume of consumer fraud perpetrated upon the American public."

Although he acknowledged that the penalties contained in his measure are "stringent," Gilman maintained sanctions are needed "to stop those who wilfully attempt to defraud customers."

Significantly, however, the proposal appears to go beyond attacking deliberate fraud and could leave honest retailers vulnerable to harsh punishment for even inadvertant ordering mistakes or errors by misinformed store personnel.

Corrective Measures

Although the out-of-stock prohibition does allow retailers to avoid penalties by disclosing availability limitations in advertisements, for example, it does not permit the use of such corrective measures as rainchecks or offer shoppers alternative items when advertised products are sold out.

The nation's supermarkets have been subject to a similar out-of-stock ban for the past 15 years under a controversial Federal Trade Commission rule requiring grocers to stock ad "specials" in quantities sufficient to meet "reasonably anticipated" consumer demands.

The 1971 regulation—which does not apply to discounters—has proved to be almost unenforceable. A study by the commission's staff concluded that the cost of complying with the requirement outweighs any benefits to consumers, and recommended the FTC abolish the regulation.

Loveless Retires as Sam's GM

BENTONVILLE, Ark. — Ron Loveless, who played a key role in Wal-Mart's launching and development of its fast-growing Sam's Wholesale Club operation, has taken early retirement.

He had been senior vice president, general manager of Sam's, whose sales are expected to approach $2 billion in this, its third year.

Succeeding Loveless is Nick White, who was previously Sam's vp of operations.

White's successor is Tom Coughlin, formerly Sam's vp, personnel. That position is now being filled by Wesley Wright, formerly a Wal-Mart regional operation manager.

Loveless, 43, took early retirement so he would have time to pursue personal interests. He had worked intensely, oftentimes at a hectic pace, over the last several years getting Sam's off the ground, said one source.

Jack Shewmaker, Wal-Mart's vice chairman and chief financial officer who oversees the Sam's operation, said "Ron has done an out-

(Continued on page 74)

PACE Set for Drive into Detroit; To Meet Warehouse Club Head on

The typical PACE Membership Warehouse carries 3,000 to 4,000 items and turns inventory about 17 times a year. Gross margins at PACE units are averaging 8% to 9%.

DETROIT — PACE Membership Warehouse is out to answer the question, can several membership warehouses successfully survive in the same market?

One of the industry's fastest-growing companies, PACE has set its eyes on yet another market, Detroit, where it plans to open four units before the end of the year. That will put PACE into direct competition with Chicago-based Warehouse Club, which debuted two units in Detroit last November.

The Detroit openings will mark the first time PACE and Warehouse Club will go head to head. But PACE already competes with Costco in the Tampa-St. Petersburg market and with Price Co. in Baltimore-Washington.

The four Detroit openings are part of the 14 to 17 that PACE has planned for this year. Each unit will require an initial investment of about $10 million and is expected to generate sales of $40 million in its first full year of operation.

PACE has been funding its rapid expansion in large part with cash generated by a $56 million public offering last June. The Denver-based company already operates 16 warehouses, including eight it has opened since November. PACE's most recent openings have come in Marietta, Ga., East Tampa, Fla., Pittsburgh and Laurel, Md.

PACE also operates in Atlanta, Charlotte, N.C., Omaha and Louisville, Ky.

Commodore Weds New Pc to QuantumLink

WEST CHESTER, Pa. — Commodore International is using the electronic retailing and telecommunication capabilities of its computers to help sell its new 128 model.

The company is offering consumers a free modem and a trial subscription to the QuantumLink on-line telecommunication network, which includes an electronic retailing service, if they purchase the new Commodore 128 computer.

QuantumLink is offering Comp-U-Card's computerized shopping service, called Comp-U-Store OnLine.

The offer, in effect through March 31, is designed to "demystify the perception that telecommunications is a frightening never-never-land of technical mumbo jumbo," said John A. Widlicka, the company's senior vice president, marketing and consumer product sales.

"We want to show home users that the electronic cottage is a friendly, warm environment in which users can shop, read the news, research school reports, play games, preview software, join clubs with people of shared interest and make friends without leaving home," he added.

The offer provides that consumers who buy a Commodore 128 computer will receive a coupon entitling them to receive a free Commodore 300 baud auto-dial modem, QuantumLink software and a two-month trial subscription to QuantumLink for half price.

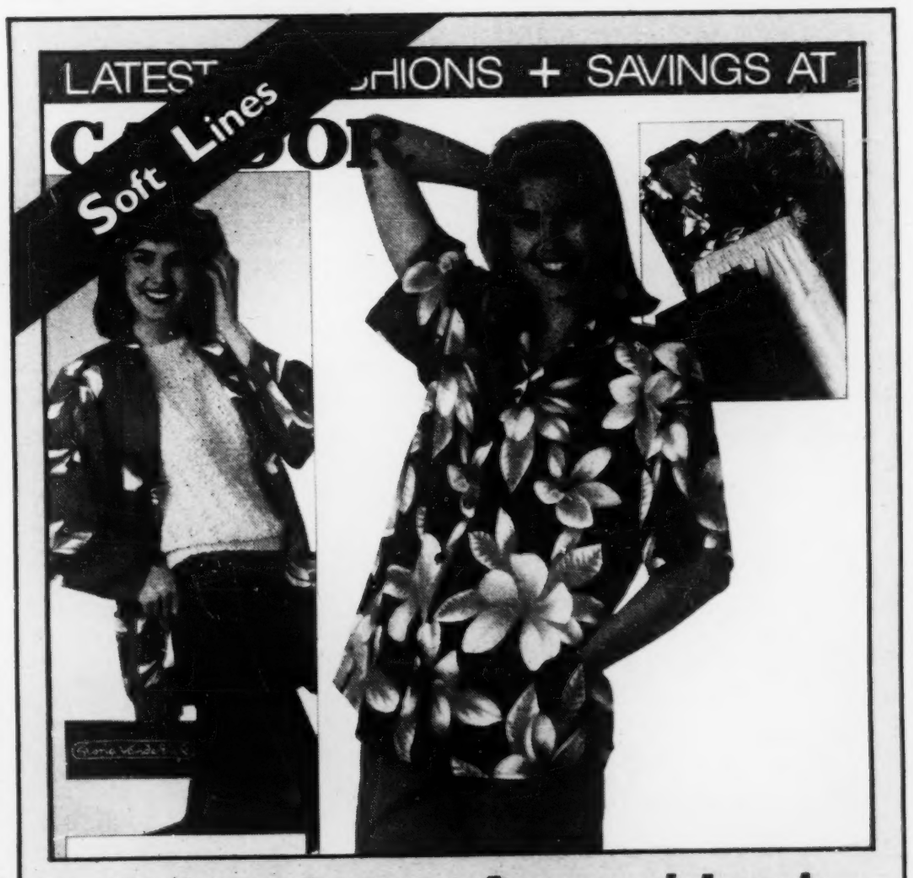
The modem retails for $49.95, and the basic service cost is $10 per month. QuantumLink software is included in the price.

QuantumLink was "targeted specifically at owners of the Commodore 64 and 128 computers" and takes advantage of the two machines' sound and color capabilities, said Stephen Case, vice president, marketing, Quantum Computer Services, the service's parent company.

Quantum, located in Vienna, Va., has enrolled more than 10,000 subscribers since it started to offer QuantumLink last November.

The Commodore Information Network, a forum for Commodore computer users to exchange information, also operates on QuantumLink.

QuantumLink also offers subscribers such services as news reports, an electronic bulletin board, multi-player telegaming, free access to an encyclopedia and previews of educational.



Caldor Intros Apparel Look

In her first year, Caldor's new softlines vp, Barbara Davis has mapped a new apparel strategy for the chain, including reoriented private label programs, redesigned in-store departments and increased emphasis on apparel in circulars. The first effort, this four-page pull-out apparel section, was introduced last month. See full story on page 15.

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Discounters Close '85 With Sales Up Slightly

Nationwide DSN Report

Faced with a slight decline in consumer confidence in the economy, the nation's leading discounters closed out 1985 with only modest sales gains.

But cautious buying and conservative inventory positions allowed most chains to maintain acceptable gross margins and avoid excessive promoting even in the face of weak consumer demand.

January sales were generally flat or, in the case of several discounters whose reporting period included one less week this year, down slightly. Most economists blamed high consumer installment debt for the slowdown in spending which kept retail sales soft.

Year-end sales figures for major discounters and catalog showrooms ranged from a 32% gain at Wal-Mart, whose sales jumped to $8.45 billion, to a 0.8% decline at Best Products. Best ended the year with sales of $2.23 billion.

Most chains, however, reported sales that fell within a much narrower range. K mart's sales grew 7.5% for the year, but that included results of its specialty store divisions, which the company said generally outperformed its discount stores. K mart closed out the year with sales of $22.41 billion.

Jamesway's sales rose 10%, to $523 million. Based on that performance Jamesway executives predicted that the chain's year-end earnings would be lower than expected.

Year-end volume at Rose's was up 8.8% to $1.01 billion. Zayre's sales grew 21.3% to $3.79 billion.

Bolstered by the addition of G.C. Murphy stores, Ames sales for the year rose 127% to $1.49 billion. Ames now operates one-third more discount stores than it did a year ago, in addition to 144 variety stores acquired in the G.C. Murphy deal. Units acquired from G.C.Murphy contributed more than one-third of Ames' volume in fiscal 1985. Not including stores from G.C. Murphy, Ames sales rose 17.5% in the year.

For the month of January several chains reported sales declines, largely because the reporting period for many discounters this year was a week shorter than last year's.

Jamesway, for instance, posted a 17% sales decline in January. Without the extra week distorting comparisons, Jamesway's sales would have been ahead 14% for the month.

Rose's sales declined 0.8% for the month, again because of comparison with a longer period last year. On a comparable basis, however, Rose's sales actually rose 40%, the company said.

Heck's was another discounter which, like Ames, boosted its volume because of the addition of stores acquired during the year. Heck's sales in January rose 23.7% to $29.1 million. Of those sales, $4.1 million were generated by the 35 Maloney Enterprises stores Heck's purchased in August.

Discounters Close Year with Modest Gains
in millions

Company	Fiscal 1986	Fiscal 1985	Jan. 1986	Jan. 1985
K mart	$22,418	$20,860	$1,260.0	$1,180.0
Wal-Mart	8,450	6,400	606.0	425.0
Zayre	3,790	3,130	171.0	147.0
Bradlees	1,620	1,400	81.0*	79.0
Ames	1,499	811	79.5	35.6
Gold Circle/ Richway	1,060	1,060	53.0*	63.5
Rose's	1,010	927	50.5*	50.9
Venture	1,000	882	54.5	48.2
Jamesway	523	475	22.2*	29.6

**Reporting period includes one less week than comparable period a year ago.*
Source: *Discount Store News*

January's business was in sharp contrast to last year, when weak Christmas sales and high inventory levels produced intense promoting. That helped drive sales during the month, but at the expense of margins.

This January, by comparison, many discounters reported more modest promoting because of cautious buying for Christmas. As a result, the quality of January's sales was much better than that of sales in January, 1985.

K mart is a case in point. Comparable store sales in K mart's discount stores declined 1.7% during the month, but apparel sales rose 5.8%, enough of a gain to prompt Chairman Bernard Fauber to

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Jamesway's '85 Earnings To Fall Despite Sales Gain

SECAUCUS, N.J. — Higher than expected operating costs and a poor second quarter will hold Jamesway's recently ended fiscal year earnings below those recorded a year ago.

Despite a 10% sales gain for the year ended Feb. 1,- Jamesway's earnings will not rise above the $13.26 million the discounter netted in fiscal 1985, said Jamesway president Arlie Lazarus.

Jamesway's earnings declined more than 50% in its second quarter, to $1.58 million on a 6% sales gain. Driving that decline was a 1% decrease in store-for-store sales, caused principally by cold weather in the Mid-Atlantic states, Lazarus said.

The company's earnings also suffered from higher than anticipated interest costs in the second half of the year. Those interest costs were tied to a $25 million convertible debenture offering last May, intended to finance the 1986 expansion plans. In addition, Jamesway said that costs associated with store renovations and MIS improvements cut into profits.

Despite the anticipated earnings decline, Jamesway is moving ahead with the 1986 expansion plans. The discounter expects to open 12 to 15 stores this year.

Renovations of existing stores are continuing. Four stores are currently under renovation.

Tepe to Unveil Smaller Prototype Showroom

SOUTH BEND, Ind. — E.H. Tepe plans to unveil a scaled-down, 31,000-sq.-ft. showroom this summer in Warsaw, Ind. as the prototype for the company's expansion into smaller markets.

The nine-showroom cataloger has "targeted a number of markets where it could open scaled-down units," an executive said. A successful move into Warsaw could result in the $50 million company unveiling "at least four more similar-sized showrooms during the next few years," he added.

Tepe's scaled-down Warsaw showroom, which will be about 15,000 sq. ft. smaller than its average 45,000-sq.-ft. unit, will serve an area of about 100,000 people as compared to the chain's typical 200,000 population draw, with some showrooms in 300,000-400,000 population markets.

The Warsaw unit will devote about 17,000 sq. ft. to selling space and will feature Tepe's first extensive use of self-service displays. While the cataloger will maintain its heavy commitment to sales-clerk service for such key categories as jewelry, giftware and consumer electronics, it will now selectively mass display housewares, small appliances and sporting goods merchandise.

Warsaw is located among three other cities—South Bend, Mishawaka and Marion, Ind.—where Tepe already has showrooms, so the new store won't entail any major additional advertising or distribution costs, the executive said. The three other showrooms already draw customers from Warsaw, and Tepe's trucks pass through the city with deliveries to the other units.

The decision to probe a new expansion direction came as

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HRT to Close 32-Store Zodys Chain

LOS ANGELES — HRT Industries has decided to close its troubled chain of Zodys discount stores.

Although executives at Los Angeles-based HRT refused comment at presstime, sources in the market said that the process of closing the 32 Zodys stores is about to begin and will continue throughout the year. Several Los Angeles retailers, including Ralph's, a supermarket chain owned by Federated Department Stores, and HomeClub, a chain of home centers, are among those companies set to take over the vacant Zodys stores.

Unions representing Zodys employees said they were informed in mid-February that the stores would be closing, although HRT did not give the unions a specific timetable for the shutdowns.

Three D Departments, an East Hartford, Conn. company which operates leased domestics departments in Zodys, said it had been informed by HRT that Zodys would begin closing stores during the first week in March.

Some stores, according to Three D, would remain open longer in an attempt to close-out the chain's inventories.

According to real estate sources that are familiar with the Los Angeles market, HRT began negotiating with Ralph's back in August for the rights to between 11 and 15 stores.

But the deal was held up because HRT had difficulty finding buyers for the other units. Although Ralph's has refused comment on the negotiations, the *Los Angeles Times* recently reported that architects at a local store design firm are already working on plans to convert several Zodys units.

HomeClub, which was purchased recently by Zayre, has obtained the rights for five of the Zodys stores. Vons, another area supermarket chain, also said it was negotiating for two of the units.

No Contenders

To date, however, no major discount chain has emerged as a contender for any of the Zodys sites.

HRT was purchased in 1983 by New York-based Rapid American, which also owns the McCrory chain of variety stores, and Schottenstein Stores, based in Columbus, Ohio. After HRT emerged from Chapter 11 early in 1984, Rapid American bought out Schottenstein to end the joint venture.

In mid-1984 HRT sold its 83 shoe stores and closed six Zodys stores in Northern California.

In April 1984, David Green, a close associate of Rapid American chairman Meshulam Riklis, took over the position of chief executive officer at HRT.

HRT has attempted to carve out a niche for the Zodys stores by targeting the low-end of the market and serving the Los Angeles market's ethnic populations, especially Latin-Americans and Asian Americans.

But the chain has never been able to regain the market share that it lost in the early 1980's, when cash-flow problems produced out-of-stocks and eroded the chain's competitive edge in its key locations.

Zodys was also recently hurt by Circuit City's decision to stop operating leased consumer electronics departments in Zody's stores. The Richmond, Va.,-based Circuit City, one of the industry's top CE specialists, opened seven "superstores" in the greater Los Angeles Area in November and December. Several of those units are in direct competition with Zody's stores.

K mart Rumor Tickles Street

TROY, Mich. — The latest rumor to be cranked out by the Wall Street mill has Gulf & Western Industries Inc. acquiring K mart.

In between chuckles, industry analysts say the going price for K mart would be in excess of $6 billion for 125.5 million outstanding shares. If Gulf & Western confounds all the experts and decides to make a serious offer, it would in effect, be trying to acquire a company with twice its assets.

With 63.7 million outstanding shares, Gulf & Western is valued at about $3.2 billion.

Analysts point to several reasons why this is not a marriage made in heaven. They note that K mart is experiencing negative growth and is losing market share. And such a move would be contrary to the recent Gulf & Western trend for shedding its retail operations, rather than making a bid for one of the nation's largest.

Wall Street wisdom has labeled this most recent rumor ludicrous, but that doesn't mean it isn't keeping its eyes on K mart stock. As one analyst said, "We will never see it coming," until it happens.

Both companies have issued denials.

BACK-TO-SCHOOL

Student Needs Drive Back-to-School H&BA Sales

Item	Unit Movement	Average $ Retail	Total $ Movement*
Shampoo			
Ivory Shampoo Normal, 15 oz.	42,424	$1.98	$84,000
Head & Shoulders Cond. Lotion 15 oz.	8,753	4.57	40,000
Flex Extra Body Shampoo 15 oz.	18,182	1.98	36,000
Mousses			
Suave Mousse Extra Control 5 oz.	7,930	2.27	18,000
Vidal Sassoon Extra Hold 9 oz.	4,665	3.43	16,000
Aqua Net 5 oz.	11,765	1.19	14,000
Eye Care			
Bausch & Lomb Sensitive Eyes Saline Solution 12 oz.	17,128	3.97	68,000
Bausch & Lomb Saline Solution Regular 12 oz.	9,572	3.97	38,000
Allergan Soft Lens Cleaning Tablets 24-ct.	5,195	6.93	36,000
Toothpaste			
Aqua Fresh pump 4.6 oz.	34,320	1.69	58,000
Colgate Pump 4.5 oz.	28,402	1.69	48,000
Crest Tartar 4.6 oz.	28,931	1.59	46,000
Vitamins			
Centrum High Potency Multi-Vitamin 130-ct.	8,615	8.59	74,000
Caltrate 600 Calcium Vitamin 60-ct.	2,597	6.93	18,000
Theragram M 130-ct.	1,056	9.47	10,000
Medicated Skin Care			
Oxy 10 Medication 1 oz.	3,258	3.99	13,000
Stridex Pads 75-ct.	3,324	3.49	11,600

*Rounded figures.
Source: Boston Distributors, Maple Heights, Ohio, for July/August 1985. Boston supplies over 750 stores, including about 400 discount stores, in 18 states. Average retail prices listed by the distributor reflect typical price points for discount stores.

BTS Causes Strong H&BA Performance

By CHARLES BOWLUS
Vice President,
Boston Distributors

Back-to-school represents one of the strongest selling seasons for health and beauty aids.

The retailer who devotes promotional support and space in the seasonal area of the store will effect a significant increase in both sales and profit in the H&BA category.

Exceptional seasonal growth should come from products oriented towards the student population. If you set up a table with a variety of barettes or hairbrushes at the same price, or multi-packs of combs, you can really pick up a lot of sales.

Cosmetics are also fantastic for back-to-school promotions. Take advantage of manufacturer prepacked units featuring back-to-school type themes like mascara with a free refill, or, percentage off promotions on full lines.

Manufacturers will prepack special items in a display that's just perfect for selling merchandise in the back-to-school area and away from the cosmetic aisle. Fragrances are also available in similar promotions.

Back-to-school is also a big time for vitamins. Centrum, which was the top seller during the 1985 season, is always good, but most retailers run it close to cost on ad. We recommend that retailers take an assortment of the higher profit non-national branded multi vitamins—C, E and B complex—and run them either in a display or an ad, or even just with special signing over the vitamin section.

Students heading off to college also stock up on contact lens care products, especially for soft contact lenses. Saline solutions, like last year's No. 1 Bausch & Lomb for sensitive eyes, could pick up impulse sales in a bulk display or endcap.

Female college-bound students also stock up on femi-

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Don't be embarrassed if you picked the steer's head. A lot of people do.

But let's face it. Not everyone in Dallas has the same tastes as J.R. Ewing.

Actually, you'll never have to worry about what to stock or what styles sell best. That's the responsibility of Kenney service reps nationwide.

Depending on your store's size, a Kenney rep will visit every 2, 3 or 4 weeks.

And because each store receives personal attention, you're guaranteed more efficient ordering tailored exactly to the local buying patterns in each one of your stores.

Frequent visits also mean lower inventory levels and help eliminate stockouts and lost sales. Not to mention a better looking display.

Furthermore, Kenney service reps work with your store managers, department managers and sales people. Training them to maintain the display and effectively manage Kenney's full line of vinyl and